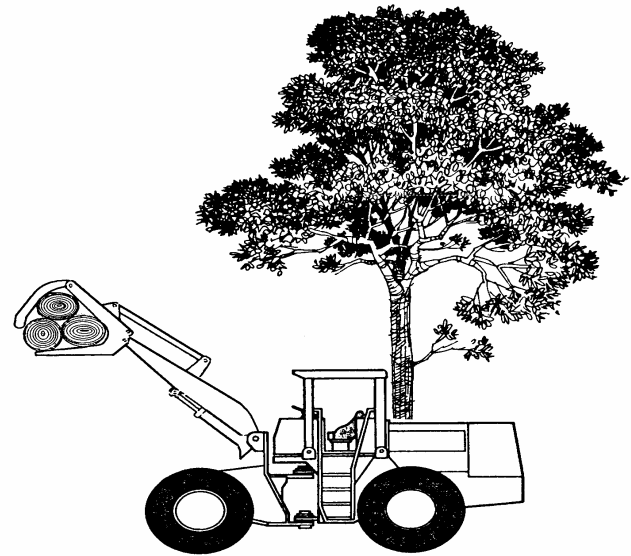


# MISSOURI TIMBER PRICE TRENDS



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**Quarterly Market Report  
April-June, 2002  
Vol. 12 No. 2**

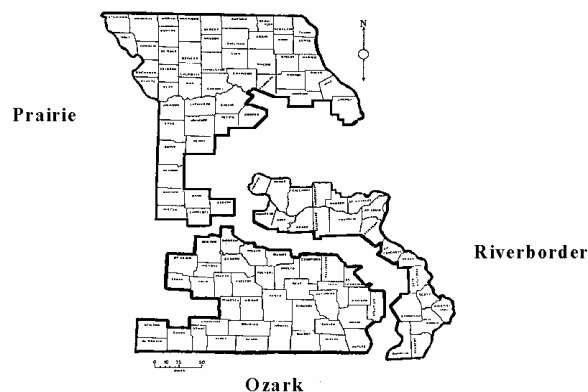
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Missouri Department of Conservation  
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Jefferson City, MO 65102



Missouri Department of Conservation  
Forestry Division, Research Unit

## Price Reporting Regions



**Missouri Timber Price Trends** tracks market prices for Stumpage and Delivered Logs. Reports on the Stumpage Market are received from Missouri Department of Conservation Resource Foresters and private consulting foresters. Stumpage refers to timber sold on the stump and does not reflect delivered mill prices. Reports on the Log Market give delivered log prices and are compiled from reports submitted by sawmills and other wood processing plants. These reports should serve as a **general** guide to track stumpage and delivered log prices. Landowners should not use this report to replace a timber inventory and marketing assistance as methods of conducting a sale. Missouri Department of Conservation Resource Foresters will be able to provide information on current, local market conditions. Details of all private sales and delivered prices are kept confidential.

### Tree Scale Conversion Factors

Sawlogs - Veneer Logs	Int'l = Doyle x 1.2
Pulpwood Pine	5,200 lbs/cord
Hardwood (hard)	5,600 lbs/cord
Hardwood (soft)	4,200 lbs/cord

Here are a few paraphrased quotes from several of the mill managers in their second quarter reports:

"Lack of timber from federal (USFS) land is impacting private land and increasing stumpage prices."

"Finding a lot of insect damage in logs. Many sales fall into a 'salvage sale' category. Stumpage prices are too high for the quality of logs being sold."

"Expect 25% decrease in log prices in the 3rd quarter."

"Our mill has been operating on an even keel for the past 6 months."

"More competition than ever for higher quality logs."

Log inventories are generally low as would be expected at this time of year. Indications are fairly strong that log inventories will be intentionally held lower until late in the 3rd quarter. Let us hope that we can report an improved market situation by late September. Only the weather (not markets) is likely to be hot until then.

Shelby Jones, Editor

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Would you like to receive a copy of this report via e-mail in the future? Consideration is being given to offer an e-mail option at no cost to the subscriber. An advantage would be that you would probably receive each quarterly report 1-2 weeks sooner than you currently receive the printed version. A disadvantage would be the necessity of printing a copy on your own printer if you wish to retain a hard copy for reference. Please let us know if you are interested by sending an e-mail to:

**[fosteh@mail.conservations.state.mo.us](mailto:fosteh@mail.conservations.state.mo.us)** Please note that this service is not yet implemented, so this issue is not available via e-mail

### Editor's Note:

**Remember that one of the most valuable sources for information on log and timber markets is the local Missouri Department of Conservation Resource Forester. Contact the nearest Forest District office for up-to-date, local advice. The Missouri Department of Conservation's Forestry Division, (573) 751-4115, will be happy to provide you with the name and address of the Resource Forester or MDC Regional Office nearest to you.**

## QUARTERLY MARKET CONDITIONS

### Other Prices (April-June, 2002)

Product	Average Price
Scrag Logs	\$29 / Cords
33 mills, with a combined annual production of 4,077 million board feet, participated in the survey of log and lumber market conditions. In addition, foresters reported stumpage prices resulting from 34 timber sales containing 6 million board feet located throughout the state.	

### Log Markets

Anyone that thought we would see the wood industry economy take off during the second quarter is probably disappointed. Instead, the wood processing sectors of the economy seem to be stuck in the same rut we have been "enjoying" for the past year. With few exceptions, delivered log prices tell the story. However, there is always some good news, so let's start with that first.

Walnut lumber prices and demand have remained stronger than usual through the late Spring months this year, indicating a strong export market for both lumber and veneer. A few companies have indicated they will continue buying walnut logs through the summer. Much of the demand appears to be generated within Chinese markets. U.S. companies with established Chinese connections are the most active. Several mills who got on the bandwagon late are not purchasing logs during the summer months, but plan to resume in early Fall.

Visits with several cedar processors in central Missouri indicated good demand for both cedar shaving bolts and sawlogs. Current prices are in the \$80-\$90 per cord range for shaving bolts. Cedar sawlogs are somewhat more variable with delivered prices ranging from \$300-\$400 per MBF, International Scale.

Another bright spot effecting mainly southern Missouri mills is the railroad tie market. Many mills reported what appears to be strong tie log prices and several mill owners predicted that delivered tie log prices might increase slightly during the coming quarter. At least a portion of the strong market price seemingly has more to do with lack of supply rather than a large increase in demand. Good tie logs are simply harder to find presently than a few years ago. The continued increase of damage to standing trees from red oak borer infestations could aggravate this situation due to the borer's preference for scarlet and black oak in the 12" and larger diameter range, the size necessary to produce ties. Lumber production from these species is also being adversely impacted.

Delivered log prices for pallet and blocking logs continues to decline as sawmills attempt to get their raw material costs back in line with market prices and the significantly decreased lumber yields from borer damaged logs. Profit margins throughout the low -grade product array have declined significantly during the economic slowdown. Three sawmills out of the 36 mills submitting reports this quarter indicate they are totally shutdown as a result of business conditions or environmental factors. However, it should also be mentioned that exactly the same number of mills reported declining pallet lumber markets as reported improved pallet lumber prices. Go figure!

## Statewide Timber Stumpage Prices

	April-June, 2002				
	High Price	Low Price	Avg. Price	Last Qtr	Last Year
<b>Sawlogs</b>					
Black Walnut	\$575	\$115	\$460	\$410	\$365
Eastern Redcedar	\$110	\$110	\$110	-	\$180
Gum	\$85	\$65	\$70	-	\$130
Hickory	\$145	\$30	\$60	\$80	\$65
Mixed Hardwoods	\$140	\$85	\$135	\$55	\$115
Oak (mixed)	\$200	\$35	\$125	\$90	\$135
Post Oak	\$150	\$70	\$135	\$120	\$110
Red oak (group)	\$350	\$110	\$180	\$185	\$170
S Yellow Pine	\$150	\$100	\$100	\$130	\$115
White oak	\$180	\$120	\$150	\$160	\$185
<b>Pulpwood</b>					
Mixed Hardwoods	\$10	\$10	\$10	-	-
<b>Stave Logs</b>					
White oak	\$370	\$165	\$255	\$220	\$215

## Ozark Timber Stumpage Prices

	April-June, 2002				
	High Price	Low Price	Avg. Price	Last Qtr	Last Year
<b>Sawlogs</b>					
Black Walnut	\$575	\$115	\$460	\$535	\$400
Eastern Redcedar	\$110	\$110	\$110	-	\$180
Gum	\$85	\$65	\$70	-	\$130
Hickory	\$145	\$30	\$60	\$85	\$70
Mixed Hardwoods	\$140	\$85	\$135	\$55	\$180
Oak (mixed)	\$200	\$75	\$125	\$85	\$135
Post Oak	\$150	\$70	\$135	\$115	\$110
Red oak (group)	\$350	\$110	\$180	\$190	\$170
S Yellow Pine	\$150	\$100	\$100	\$130	\$125
White oak	\$180	\$120	\$150	\$170	\$190
<b>Pulpwood</b>					
Mixed Hardwoods	\$10	\$10	\$10	-	-
<b>Stave Logs</b>					
White oak	\$370	\$185	\$260	\$225	\$300

## Riverborder Timber Stumpage Prices

	April-June, 2002				
	High Price	Low Price	Avg. Price	Last Qtr	Last Year
<b>Sawlogs</b>					
Mixed Hardwoods	\$140	\$120	\$135	\$40	\$150
Oak (mixed)	\$35	\$35	\$35	\$50	\$145
Red oak (group)	\$190	\$190	\$190	\$105	\$135
<b>Stave Logs</b>					
White oak	\$210	\$165	\$180	\$220	\$210

### (No stumpage reports were received from the Prairie Region this quarter.)

#### Stumpage Markets

As is generally the case at this time of year, the number of reported forester-assisted timber sales is not as large as for other time of the year, with a total of 34 sales reported this quarter. Seasonal markets tend to decline during this period and many foresters advise landowners to "wait until Fall" before putting standing timber on the market.

When you read the delivered log prices comments, you probably get the idea that stumpage prices have taken a definite downward turn during the past quarter in response to lower delivered log prices. That is certainly the case for low to average quality timber stands. Lower quality trees bring lower prices.....there is nothing really surprising about that. However, I would like to call your attention to the price column in the stumpage reports which indicates the "low" prices reportedly paid for each species. I haven't personally seen such low "lows" in a long time. Hopefully, stumpage prices have bottomed out, but a couple of factors could keep them depressed for a few more months.

1. Trees infested with red oak borer damage simply contain less usable wood than healthy trees and are simply worth less to the wood processing industry. ROB infestations continue to be identified throughout southern Missouri and as far north as central Missouri. We are probably going to see the impacts of this pest for many years to come.

2. The slowdown throughout the economy negatively impacts the wood processing industry along with most others. Operating margins, especially on low grade wood commodities, become very thin during these conditions. Since raw material is the single largest cost to a wood manufacturer, it is simple logic that raw material costs are cut wherever possible. The "trickle down effect" eventually manifests itself as lower stumpage prices unless the overall supply of timber is drastically reduced. Therefore, stumpage prices for low quality timber is likely to remain low through at least the next three months.

Bright spots for timber owners in the next few months include predictions that walnut lumber grade logs will again increase in price in early Fall. Walnut veneer markets might also improve slightly over last year. White oak stave log markets are spotty. The majority of the market is currently

## Prairie Delivered Log Prices Dollars per Thousand Board Foot, Int. 1/4" Scale April-June, 2002

Veneer Species	High	Low	Average
Black Walnut	\$2,500	\$2,085	\$2,085
<b>2 Mills Reporting</b>			

Sawlogs Species	Grade 1	Grade 2	Grade 3
Ash	\$375	\$250	\$165
Black Walnut	\$1,250	\$835	\$585
Cherry	\$1,665	\$835	\$500
Cottonwood	\$200	\$170	-
Eastern Redcedar	\$210	-	-
Elm	\$135	-	-
Hackberry	\$135	-	-
Hickory	\$250	\$165	-
Pecan	\$250	-	\$165
Post Oak	\$315	\$250	\$165
Red oak (group)	\$540	\$375	\$250
Soft Maple	\$495	\$385	\$290
White oak (group)	\$540	\$375	\$250

#### **4 Mills Reporting**

## Riverborder Delivered Log Prices Dollars per Thousand Board Foot, Int. 1/4" Scale April-June, 2002

Sawlogs Species	Grade 1	Grade 2	Grade 3
Ash	\$300	-	-
Cherry	\$700	-	-
Hard Maple	\$650	\$300	-
Hickory	\$400	-	-
Red oak (group)	\$700	\$350	-
White oak (group)	\$500	\$250	-

#### **1 Mill Reporting**

**Ozark Delivered Log Prices**  
**Dollars per Thousand Board Foot, Int. 14" Scale**  
 April-June, 2002

<b>Sawlogs Species</b>	<b>Grade 1</b>	<b>Grade 2</b>	<b>Grade 3</b>
Ash	\$310	\$220	\$210
Black Walnut	\$455	\$410	\$205
Cherry	\$445	\$400	\$245
Eastern Redcedar	\$575	\$300	-
Hackberry	-	-	\$180
Hard Maple	-	-	\$180
Hickory	-	-	\$180
Post Oak	\$220	\$195	\$150
Red oak (group)	\$375	\$280	\$220
S Yellow Pine	\$200	\$200	\$200
Soft Maple	\$185	\$160	\$155
White oak (group)	\$335	\$250	\$185

**19 Mills Reporting**

<b>Below Grade Logs Species</b>	<b>Blocking</b>	<b>Pallet</b>	<b>Tie</b>
Ash	\$150	\$150	\$215
Black Walnut	\$140	\$135	\$215
Cherry	\$140	\$140	\$215
Cottonwood	\$150	\$145	-
Elm	\$150	\$145	\$180
Gum	\$145	\$145	\$225
Hackberry	\$145	\$150	\$245
Hard Maple	\$150	\$150	\$250
Hickory	\$150	\$145	\$190
Pecan	-	\$150	\$250
Post Oak	\$145	\$145	\$190
Red oak (group)	\$150	\$150	\$210
S Yellow Pine	\$145	\$155	\$225
Soft Maple	\$150	\$145	\$210
White oak (group)	\$150	\$145	\$205

**21 Mills Reporting**

depressed, but good prices are being paid in some local areas. Check with your local forester or stave buyer to determine the situation in your area. Tie log markets are likely to be good throughout the state. If you don't know if your trees are of tie log quality, it is also a good idea to contact a forester.

Red oak borer infestations continue to wreak havoc, even in well managed timber stands containing predominantly red oak species. Find out what the damage looks like in standing trees and inspect your timber for signs of exit wounds. If you find signs of ROB damage, I strongly suggest you obtain the recommendations of a professional forester as to your next step. You have several options if you act quickly. Be aware that unscrupulous buyers may attempt to convince you that your timber is infested with borers and needs to be harvested immediately. It is advisable to get a second opinion if you are approached to sell your "infected" trees. Caution is the key to obtaining fair market value when you sell your timber, even if the market is depressed and your timber has been devalued by insect damage. Also, be aware that timber sales from infected areas on public lands may be placed on the market in the next few months in substantial volumes. If this is the case in your area, local stumpage prices may be further depressed because local sawmills may not be able to absorb all the available volume. Call your local USFS Ranger District office or Dept. of Conservation-Forestry office to check out the situation in your area.

Lastly, a personal story about the use of this report. An MDC forester recently commented that Mo. Timber Price Trends had been responsible for a landowner rejecting fair bids for some standing timber in his area. Of course, I immediately wanted to know more about the situation. Apparently, the landowner is a regular subscriber to this report and had calculated the minimum amount of money he would accept based on figures in the "High" column of the stumpage tables. According to the forester, the quality of the timber was only average or slightly below and had conveyed that information to the owner. Several of the sealed bids slightly exceeded the forester's estimate of value, but didn't meet the expectations of the landowner. The result was a rejection of bids because of unrealistic expectations about timber values. Both the landowner and the high bidder missed an opportunity for a successful business arrangement in this case.

The message here is to use this report to become more knowledgeable about the value of your timber. However, be sure you are using the right figures when doing so! More importantly, this report is only a **guide** and you should rely upon the advice of your local forester to interpret prices *specific to your area and the overall quality of your timber*.

# Missouri Log Market Report



This section of **Missouri Timber Price Trends** is intended to provide information on delivered log prices and market conditions for loggers and mill operators

The report details prices for **Grade Logs** by species and grade; and prices for **Below Grade Logs** by species and intended end use, such as blocking, pallet lumber or ties. All prices are based on the average mean within the grade standard or product line. Absolute maximums or minimums are not reported. All prices are based on a thousand board feet unit using the International 1/4" Log Scale. Log grades used in this report are based on the following **minimum** criteria:

	Grade 1	Grade 2	Grade 3
Minimum Diameter	13-15"	11"	8"
Minimum Log Length	10'	8'	8'

We hope you find the information useful and will be working to expand the number of participating mills; reported species and products (veneer, etc); and the range of coverage for the report. All information provided by the participating mills is confidential.

## Statewide Delivered Log Prices Dollars per Thousand Board Foot, Int. 1/4" Scale April-June, 2002

Veneer Species	High	Low	Average
Black Walnut	\$2,500	\$2,085	\$2,085
<b>2 Mills</b>	<b>8,282 Total Volume</b>		

Sawlogs Species	Grade 1	Grade 2	Grade 3
Ash	\$340	\$240	\$210
Black Walnut	\$865	\$685	\$430
Cherry	\$1,105	\$720	\$410
Cottonwood	\$200	\$170	-
Eastern Redcedar	\$570	\$300	-
Elm	\$135	-	-
Hackberry	\$135	-	\$180
Hard Maple	\$650	\$300	\$180
Hickory	\$265	\$165	\$180
Pecan	\$250	-	\$165
Post Oak	\$220	\$195	\$150
Red oak (group)	\$405	\$295	\$225
S Yellow Pine	\$200	\$200	\$200
Soft Maple	\$470	\$365	\$270
White oak (group)	\$390	\$275	\$205

### 24 Mills reporting

Below Grade Logs Species	Blocking	Pallet	Tie
Ash	\$145	\$150	\$215
Black Walnut	\$140	\$135	\$215
Cherry	\$140	\$140	\$220
Cottonwood	\$145	\$145	-
Elm	\$145	\$145	\$200
Gum	\$145	\$145	\$225
Hackberry	\$145	\$150	\$245
Hard Maple	\$150	\$150	\$245
Hickory	\$145	\$145	\$195
Pecan	-	\$150	\$250
Post Oak	\$145	\$145	\$195
Red oak (group)	\$145	\$150	\$210
S Yellow Pine	\$145	\$155	\$225
Soft Maple	\$150	\$145	\$215
White oak (group)	\$145	\$145	\$210

### 27 Mills reporting